Teacher Answer Key

Case Study

1. About $115. She expected $600 and the check was $485. The stub accounts for it: $45 federal tax, $20 state tax, $37.20 Social Security, $8.70 Medicare, and $4 into her retirement plan, which comes to $114.90.

2. Build the budget on the $485 she actually receives, not the $600 she earns on paper. Her rent, gas, and savings targets should all be set against net pay so she is not planning to spend money that never reaches her account.

Multiple Choice

1. B

2. A

3. D

Matching

1-B, 2-E, 3-A, 4-C, 5-D

Fill-in-the-Blank

1) Deductions, 2) Mandatory, 3) Gross

Short Answer (Sample Responses)

Q1: Understanding deductions ensures you know where your money is going and helps you identify errors or unexpected charges.

Q2: Knowing your net pay allows you to plan your spending and savings accurately, avoiding overspending based on gross pay.

Q3: Contact your employer or HR department immediately to resolve discrepancies and ensure future paychecks are correct.